STATE OF LOUISIANA

PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING RATES - IN-PATIENT HOSPITAL CARE

CITATION
42 CFR
447.253
OBRA-90
P.L.
101-508
Sections
4702-4703
P.L.
102-234 and
OBRA 1993
Section 13621

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3. Disproportionate Share Payment Adjustments - February 1, 1994 and After. Private hospitals shall remain under this DSH methodology for both Medicaid Days (Attachment 4.19-A, Item 1.D.3.a.-e.) and Indigent Days (Attachment 4.19-A, Item 1.E.). Effective July 1, 1994, the six (6) pools identified in Item 1.D.4.a. below (Public Hospitals) are eliminated from this DSH Medicaid Days Pools methodology.

   a. Qualification and payment adjustment for disproportionate share shall be based on the hospital's year-end cost report for the year ended during the period April 1 through March 31 of the previous year.

      EXAMPLE: A hospital has a fiscal year ending November 30, 1994 cost report; and disproportionate share payment made after April 1, 1994, would be based on the November, 30, 1993, cost report. Effective April, 1995, payment would be made on the hospital's November 30, 1994, cost report.

Hospitals which have not filed a cost report by March 31, 1994, or by March 31 of any year thereafter, will not participate in the disproportionate share payment pools from April 1 of that year through March 31 of the following year. Hospitals which meet the qualification criteria outlined in Item 1.D.1. a-d (a-e July 1,1994, and after) based on the latest filed fiscal year-end cost report as of March 31st of each year shall be included in not more than two of the following twelve pools (six - effective July 1, 1994) for calculation of disproportionate share payments.

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DATE REC'D OCT 0 3 1994
DATE APPV'D MAY 1 1 1995
DATE EFF JUL 0 1 1994
HCFA 179 94-22

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TN# 94-22 Approval Date MAY 1 1 1995 Effective Date JUL 0 1 1994
Supersedes
TN# 94-07

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b. For hospitals with distinct part psychiatric units, qualification is based on the entire hospital's utilization, but for purposes of disproportionate share hospital payment (DSH) adjustments, the distinct part psychiatric units shall be placed in the psychiatric pools while the acute medical/surgical shall be included in the appropriate teaching or non-teaching pool. Hospitals must meet the criteria for the pool classification based on their latest filed fiscal year-end cost report as of March 31st of each year.

c. These twelve (12) pools are as follows:

(1) Public State-Operated Teaching Hospitals - State-operated acute care general hospitals (exclusive of distinct part psychiatric units) recognized as approved teaching hospitals under criteria specified in subsection d. below.

(2) Public State-Operated Non-Teaching Hospitals - State-operated acute care general hospitals (exclusive of distinct part psychiatric units) not recognized as approved teaching hospitals under criteria specified in subsection d. below.

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(3) Public State-Operated Teaching Distinct Part Psychiatric Units/Freestanding Psychiatric Hospitals - State-operated distinct part psychiatric units/freestanding psychiatric hospitals which meet the criteria for recognition as teaching hospitals under criteria specified in subsection d. below.

(4) Public State-Operated Non-Teaching Distinct Part Psychiatric Units/Freestanding Psychiatric Hospitals - State-operated distinct part psychiatric units/freestanding psychiatric hospitals which do not meet the criteria for recognition as teaching hospitals under criteria specified in subsection d. below.

(5) Public Local Government Acute Hospitals - Local government-owned acute care general hospitals and long term care hospitals (exclusive of distinct part psychiatric units).

(6) Public Local Government Distinct Part Psychiatric Units/Freestanding Psychiatric Hospitals - Local government-owned distinct part psychiatric units/freestanding psychiatric hospitals.

(7) Private Rural Acute Hospitals - Privately- owned acute care general

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hospitals and long term care hospitals (exclusive of distinct part psychiatric units) which are designated as a rural hospital under criteria specified in subsection d. below.

(8) Private Rural Distinct Part Psychiatric Units/Freestanding Psychiatric Hospitals - Privately-owned distinct part psychiatric units/freestanding psychiatric hospitals which are located in a rural area under criteria specified in subsection d. below.

(9) Private Teaching Hospitals - Privately-owned acute care general hospitals and long term care hospitals (exclusive of distinct part psychiatric units) which are recognized as approved teaching hospitals under criteria specified in subsection d. below.

(10) Private Urban Non-Teaching Hospitals - privately-owned acute care general hospitals and long term care hospitals (exclusive of distinct part psychiatric units) which are designated as urban hospitals and not recognized as approved teaching hospitals under criteria specified in subsection d. below.

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(11) Private Teaching Distinct Part Psychiatric Units/Freestanding Psychiatric Hospitals - Privately-owned distinct part psychiatric units/freestanding psychiatric hospitals which meet the criteria for recognition as approved teaching hospitals under criteria specified in subsection d. below.

(12) Private Urban Non-Teaching Distinct Part Psychiatric Units/Freestanding Psychiatric Hospitals - Privately-owned distinct part psychiatric units/freestanding psychiatric hospitals which are located in an urban area and do not meet the criteria for recognition as approved teaching hospitals, under criteria specified in subsection d. below.

d. Definitions for hospital classifications applicable to the above Medicaid days pools are as follows:

(1) Teaching Hospital - a licensed acute care hospital in compliance with the Medicare regulations regarding such facilities, or a specialty hospital that is excluded from the prospective payment system as defined by Medicare. A teaching hospital must have a written affiliation agreement with an accredited medical school to

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provide post graduate medical resident training in the hospital for the specialty services provided in the specialty hospital. The affiliation agreement must contain an outline of its program in regard to staffing, residents at the facility, etc. A distinct part or carve-out unit of a hospital shall not be considered a teaching hospital separate from the hospital as a whole. Teaching hospitals that are not recognized by Medicare as an approved teaching hospital must furnish copies of graduate medical education program assignment schedules and rotation schedules to the Department.

(2) Non-teaching Hospital - an acute care general hospital (exclusive of distinct part psychiatric units) not recognized as an approved teaching hospital by the Department or under Medicare principles for the latest filed fiscal year-end cost report as of March 31st of each year.

(3) Urban Hospital - a hospital located in a Metropolitan Statistical Area as defined per the 1990 census. This excludes any reclassification under Medicare.

(4) Rural Hospital - a hospital that is not located in a Metropolitan

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Statistical Area as defined per the 1990 census. This excludes any reclassification for Medicare.

(5) Distinct Part Psychiatric Units/Freestanding Psychiatric Hospital - distinct part psychiatric units of acute care general hospitals which meet Medicare criteria for PPS exempt units and are enrolled under a separate Medicaid provider number, and freestanding psychiatric hospitals enrolled as such. This also includes distinct part psychiatric units of long term care hospitals or rehabilitation hospitals.

e. Annualization Provision - Hospitals which qualify as of March 31st of each year under the provisions in the approved State Plan (Item D.1.a.-d.) with fiscal year-end cost reports which do not reflect twelve (12) months of cost report data shall have Medicaid days annualized by the Bureau for purposes of the above pools. This includes hospitals which have partial-year fiscal year-end cost reports as well as hospitals which added beds during the year to ensure that these are equally represented in the pool for the period of time to which the DSH payments will apply. Hospitals which request annualization of Medicaid days for purposes of the above pools must submit sufficient documentation to the Bureau.

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Disproportionate share payments for each pool shall be calculated based on the product of the ratio determined by dividing each qualifying hospital's total Medicaid inpatient days for the applicable cost report as adjusted for annualization by the total Medicaid inpatient days provided by all such hospitals in the state qualifying as disproportionate share hospitals in their respective pools, and then multiplying by an amount of funds for each respective pool to be determined by the Director of the Bureau of Health Services Financing. Total Medicaid inpatient days include Medicaid nursery days but do not include SNF or swing-bed days. Pool amounts shall be allocated based on consideration of the volume of days in each pool or the average cost per day for hospitals in each pool. Disproportionate share payments cumulative for all DSH payments under the pools or any other DSH payment methodology shall not exceed the federal disproportionate share cap for each federal fiscal year.

Partial payments based on the above Medicaid pools will be made according to the following chart:

EXAMPLE:

Cost Reports Rec'd as of	Date Payment Amounts Determined	Payment Period
March 31, 1994	April 1994	4/1/94 - 3/31/95
March 31, 1995	April 1995	4/1/95 - 3/31/96

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If at audit or final settlement of the cost reports on which the pools are based, the above qualifying criteria are not met, or the number of Medicaid inpatient days are reduced from those originally reported or annualized, appropriate action shall be taken to recover any overpayments resulting from use of the erroneous data. No additional payments shall be made if an increase in days is determined after audit.

Recoupments of overpayments from reductions in pool days originally reported or annualized shall be redistributed to the hospital that has the largest number of inpatient days attributable to individuals entitled to benefits under the State Plan of any hospital in the State for the year in which the recoupment is applicable. To determine the hospital that has the largest number of Medicaid inpatient days, the fiscal year-end cost report that established the DSH payment for the year in which the recoupment is applicable will be used. The redistribution shall occur after audit and/or desk review of reported or annualized days. For purposes of the DSH allotment, the redistributed amounts shall apply to the original payment year in which the recoupment pertains.

Hospitals/units which close or withdraw from the Medicaid Program shall become ineligible for further DSH pool payments.

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4. Disproportionate Share Payment Adjustments for Public Hospitals - Effective July 1, 1994

a. The following six (6) pools are eliminated from the DSH Medicaid Days Pools Payment Methodology under Item D.3. above: Public State-Operated Teaching Hospitals, Public State-Operated Non-teaching Hospitals, Public State-Operated Teaching Distinct Part Psychiatric Units/Freestanding Psychiatric Hospitals, Public State-Operated non-Teaching Distinct Part Psychiatric Units/Freestanding Psychiatric Hospitals, Public Local Government Acute Hospitals and Public Local Government Distinct Part Psychiatric Units/Freestanding Psychiatric Hospitals.

DSH payments to individual publicly-owned or operated hospitals as defined below (except for those hospitals qualifying for payments in the transition period as described below) will be equal to one hundred (100%) percent of the hospital's uncompensated costs as defined below subject to the adjustment provision of 1.D.4.f. below.

A transition period for services furnished from July 1, 1994 through June 30, 1995 is provided for high disproportionate share public hospitals as defined below. Public "high disproportionate share hospitals" shall receive disproportionate share payments equal to two hundred (200%) percent of the hospital's uncompensated costs as defined below subject to the adjustment provision of 1.D.4.f. below.

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